

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 PA-02
PRS-01 OC-06 CCO-00 XMB-04 OPIC-06 /141 W
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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 6685

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EO 11652: N/A

TAGS: ENERG MX

SUBJECT: PRESIDENTIAL REMARKS ON GAS PIPELINE

REF:STATE 287068

1. FOLLOWING IS OUR INFORMAL TRANSLATION OF EXCHANGE
BETWEEN MARLISE SIMONS OF THE WASHINGTON POST AND PRESIDENT
LOPEZ-PORTILLO ON THE GAS PIPELINE AND EXIMBANK CREDIT.

2. BEGIN QUOTE:

QUESTION: MR. PRESIDENT, NOW THAT THE U.S. GOVERNMENT HAS
BLOCKED THE LOAN FOR THE CONSTRUCTION OF GAS PIPELINE,
WHAT IS MEXICO GOING TO DO? WILL IT LOWER THE PRICE OR
LOOK FOR ALTERNATIVE SOURCES OF FINANCING OR WILL THE
COUNTRY PERMIT A DELAY IN THE CONSTRUCTION AND THE LOSS OF
EARNINGS?

RESPONSE: I DON'T SEE THE SITUATION SO GRAVE BECAUSE AS
FAR AS I KNOW THE LOAN IS NOT BLOCKED. IF IT SHOULD BE
BLOCKED WE WOULD NOT CONSTRUCT THE GAS PIPELINE TO THE
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NORTH AMERICAN FRONTIER AND WE WOULD LOOK FOR SOURCES OF
FINANCING IN ORDER TO CONSTRUCT IT IN THE PROPORTION
NECESSARY TO SATISFY THE INDUSTRIAL DEVELOPMENT OF THE ZONE
THAT IT COVERS; ALL THE AREA UP TO NUEVO LEON AND ITS AREA
OF INFLUENCE CONTINUING TO CHIHUAHUA AND EVENTUALLY CLOS-
ING THE CIRCLE WITH THE CAPITAL IN ORDER TO ESTABLISH AN
ADEQUATE DISTRIBUTION SYSTEM.

THE GAS PIPELINE TO THE U.S. IS JUSTIFIED INsofar AS IT IS CONVENIENT FOR THIS COUNTRY TO BUY OUR GAS AND FOR US TO SELL IT. THIS IS A QUESTION OF PRICE AND PERTINENT CONDITIONS. BECAUSE OF FINANCING PROBLEMS WE ARE NOT GOING TO REDUCE THE PRICE FOR GAS WHICH WE HAVE FIXED. WE ARE NOT GOING TO REDUCE IT. SIMPLY, THE QUESTION IS TO DO IT OR NOT TO DO IT. I CONSIDER THAT THINGS ARE NOT SO SERIOUS.

WE BELIEVE THAT IT WOULD BE VERY HARD JUDGMENT OF THE AMERICAN SYSTEM THAT IT SHOULD KNOW OR IT SHOULD BE ADMITTED PUBLICLY OR PRIVATELY THAT THE FINANCING SYSTEMS ARE PUT AT THE SERVICE OF AN UNJUST TRADE POLICY AND THAT THE FINANCING SYSTEMS SHOULD BE USED IN ORDER TO CASTIGATE THE COSTS OF RAW MATERIALS.

I BELIEVE THAT THIS IS A TROUBLESOME ASSERTION OF THE BALANCED POLICY OF THE U.S. THEREFORE, I REFUSE TO BELIEVE THAT THIS DECISION EXISTS IN THE U.S. IT WOULD BE A STEP BACKWARDS, TERRIBLY SERIOUS FOR THE WORLD ORDER, THAT A POWERFUL COUNTRY SHOULD USE ITS FINANCIAL SYSTEMS IN ORDER TO CASTIGATE PRICES OF RAW MATERIALS.

I KNOW MR. CARTER, I KNOW HIS GOVERNMENT, AND I AM CERTAIN THAT THIS HAS NOT HAPPENED AND AM ABSOLUTELY CER-
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TAIN THAT IT WILL NOT HAPPEN. END QUOTE. LUCEY

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